

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Financial Report

Year Ended June 30, 2013

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INDEPENDENT AUDITORS' REPORT

The Honorable Ronald J. Theriot
St. Martin Parish Sheriff
St. Martinville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the St. Martin Parish Sheriff, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Martin Parish Sheriff, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 17 to the financial statements, in 2013, the Sheriff adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedule of funding progress on pages 38 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting, for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Martin Parish Sheriff's basic financial statements. The other supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The other supplementary information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2013, on our consideration of the St. Martin Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the St. Martin Parish Sheriff's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC

Certified Public Accountants

Breaux Bridge, Louisiana
November 20, 2013

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Statement of Net Position
June 30, 2013

ASSETS

Current assets:

Cash and interest-bearing deposits	\$ 8,374,304
Inventory	25,866
Receivables	79,270
Due from other governmental units	912,319
Prepaid items	<u>101,227</u>
Total current assets	<u>9,492,986</u>

Noncurrent assets:

Restricted assets:

Cash and interest-bearing deposits	2,749
Capital assets, net	<u>8,448,266</u>
Total noncurrent assets	<u>8,451,015</u>

Total assets

17,944,001

DEFERRED OUTFLOWS OF RESOURCES

-

LIABILITIES

Current liabilities:

Accounts payable	97,136
Deferred revenue	1,180
Due to others	72,246
Other accrued liabilities	701,199
Capital lease payable	48,056
Bonds payable	<u>220,000</u>
Total current liabilities	<u>1,139,817</u>

Noncurrent liabilities:

Bonds payable	950,000
OPEB obligation payable	<u>1,554,738</u>
Total noncurrent liabilities	<u>2,504,738</u>

Total liabilities

3,644,555

DEFERRED INFLOWS OF RESOURCES

-

NET POSITION

Net investment in capital assets	7,230,210
Restricted	1,569
Unrestricted	<u>7,067,667</u>
Total net position	<u>\$ 14,299,446</u>

The accompanying notes are an integral part of the basic financial statements.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Statement of Activities
For the Year Ended June 30, 2013

Expenses:

Public safety:

Personal services and related benefits	\$ 8,548,949
Operating services	2,266,987
Operations and maintenance	4,590,989
Interest expense	<u>32,470</u>
Total expenses	<u>15,439,395</u>

Program revenues:

Fines, forfeitures, and other fees	<u>4,134,819</u>
Net program expense	<u>(11,304,576)</u>

General revenues:

Property taxes, levied for general purposes	5,058,391
Sales tax	3,739,991
Federal sources	319,613
State sources	2,155,303
Interest and investment earnings	972
Miscellaneous	<u>726,512</u>
Total general revenues	<u>12,000,782</u>
Change in net position	696,206
Beginning net position	<u>13,603,240</u>
Ending net position	<u>\$ 14,299,446</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

MAJOR FUNDS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Fund

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

911 Communications District -

To account for the operation of the communications district which was established to implement and administer the 911 emergency telephone system. The system is financed by user fees assessed on customer's telephone service. Expenditures for this system are paid from this fund.

NONMAJOR FUND

Debt Service Fund

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Balance Sheet
Governmental Funds
June 30, 2013

	General	911 Communications District	Nonmajor Debt Service Fund	Total
ASSETS				
Cash and interest-bearing deposits	\$ 7,528,018	\$ 848,646	\$ 389	\$ 8,377,053
Receivables:				
Due from other governmental units	912,319	-	-	912,319
Due from other funds	57,423	-	-	57,423
Other receivables	6,392	72,878	-	79,270
Inventory	25,866	-	-	25,866
Prepaid items	101,227	-	-	101,227
Total assets	<u>\$ 8,631,245</u>	<u>\$ 921,524</u>	<u>\$ 389</u>	<u>\$ 9,553,158</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 97,136	\$ -	\$ -	\$ 97,136
Deferred revenue	1,180	-	-	1,180
Due to others	72,246	-	-	72,246
Other accrued liabilities	582,751	-	-	582,751
Due to other funds	-	57,423	-	57,423
Total liabilities	<u>753,313</u>	<u>57,423</u>	<u>-</u>	<u>810,736</u>
Fund balances -				
Nonspendable	127,093	-	-	127,093
Restricted	-	-	389	389
Committed	-	-	-	-
Assigned	-	864,101	-	864,101
Unassigned	7,750,839	-	-	7,750,839
Total fund balances	<u>7,877,932</u>	<u>864,101</u>	<u>389</u>	<u>8,742,422</u>
Total liabilities and fund balances	<u>\$ 8,631,245</u>	<u>\$ 921,524</u>	<u>\$ 389</u>	<u>\$ 9,553,158</u>

The accompanying notes are an integral part of the basic financial statements.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2013

Total fund balance for governmental funds at June 30, 2013 \$ 8,742,422

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 1,100,595	
Construction in progress	9,988	
Buildings and improvements, net of \$1,820,827 accumulated depreciation	4,972,767	
Equipment and vehicles, net of \$4,009,342 accumulated depreciation	<u>2,364,916</u>	8,448,266

General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:

Bonds payable, capital lease payable, and underlying accrued interest	(1,226,359)	
Accrued compensated absences	(110,145)	
Net OPEB obligation payable	<u>(1,554,738)</u>	<u>(2,891,242)</u>

Total net position of governmental activities at June 30, 2013 \$ 14,299,446

The accompanying notes are an integral part of the basic financial statements.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds

For the Year Ended June 30, 2013

	General	911 Communications District	Nonmajor Debt Service Fund	Totals
Revenues:				
Taxes	\$ 8,798,382	\$ -	\$ -	\$ 8,798,382
Intergovernmental	2,474,916	-	-	2,474,916
Fees, charges, and commissions for services	3,359,353	775,466	-	4,134,819
Interest income	786	186	-	972
Miscellaneous	<u>725,301</u>	<u>-</u>	<u>-</u>	<u>725,301</u>
Total revenues	<u>15,358,738</u>	<u>775,652</u>	<u>-</u>	<u>16,134,390</u>
Expenditures:				
Current -				
Public safety:				
Personal services and related benefits	7,803,762	430,599	-	8,234,361
Operating services	2,183,689	83,298	-	2,266,987
Operations and maintenance	3,507,110	125,942	-	3,633,052
Capital outlay	307,291	6,333	-	313,624
Debt service - principal	96,162	-	215,000	311,162
Debt service - interest	<u>5,911</u>	<u>-</u>	<u>27,383</u>	<u>33,294</u>
Total expenditures	<u>13,903,925</u>	<u>646,172</u>	<u>242,383</u>	<u>14,792,480</u>
Excess (deficiency) of revenues over expenditures	<u>1,454,813</u>	<u>129,480</u>	<u>(242,383)</u>	<u>1,341,910</u>
Other financing sources (uses):				
Transfers in	-	-	242,383	242,383
Transfers out	<u>(242,383)</u>	<u>-</u>	<u>-</u>	<u>(242,383)</u>
Total other financing sources (uses)	<u>(242,383)</u>	<u>-</u>	<u>242,383</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other uses	1,212,430	129,480	-	1,341,910
Fund balances, beginning	<u>6,665,502</u>	<u>734,621</u>	<u>389</u>	<u>7,400,512</u>
Fund balances, ending	<u>\$ 7,877,932</u>	<u>\$ 864,101</u>	<u>\$ 389</u>	<u>\$ 8,742,422</u>

The accompanying notes are an integral part of the basic financial statements.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2013

Total net change in fund balances at June 30, 2013 per Statement of Revenues, Expenditures and Changes in Fund Balances			\$ 1,341,910
The change in net position reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 313,624	
Depreciation expense for the year ended June 30, 2013		<u>(951,701)</u>	(638,077)
Because governmental funds do not record fixed assets and accumulated depreciation, any assets disposed of with no selling price does not affect the statement of revenues, expenditures, and changes in fund balances. However, in the statement of activities, a gain or loss is shown on assets that are not fully depreciated.			
			(6,236)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal of long- term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Principal payments on bonds and capital lease		312,373	
Accrued interest payable on bonds		<u>824</u>	313,197
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:			
Accrued compensated absences		(92,002)	
Net OPEB obligation payable		<u>(222,586)</u>	<u>(314,588)</u>
Total changes in net position at June 30, 2013 per Statement of Activities			<u>\$ 696,206</u>

The accompanying notes are an integral part of the basic financial statements.

FUND DESCRIPTIONS - FIDUCIARY FUNDS

AGENCY FUNDS

All of these funds are reflected in the totals of the agency funds presented in the statement of fiduciary net assets.

Civil Fund

The Civil Fund was established to account for funds held in connection with civil suits, Sheriff's sales, and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Tax Collector Fund

The Tax Collector Fund was established per Article V, Section 27 of the Louisiana Constitution of 1974, which provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Fund is used to collect and distribute these taxes and fees to appropriate taxing bodies.

Installment Fines Fund

The Installment Fines Fund is used to account for the collection of fines paid on an installment basis as authorized by the court.

Bonds and Fines Fund

The Bonds and Fines Fund is used to account for the collection of bonds, fines, and costs and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Inmate Trust Fund

The Prison Inmate Fund is used to account for the deposits made by, and for, inmates to their individual accounts and the appropriate disbursements to these inmates.

Inmate Welfare Fund

The Inmate Welfare Fund is used to account for the funds confiscated from inmates and used for the general welfare of the inmates as a whole.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2013

Assets	
Cash and cash equivalents	<u>\$ 743,954</u>
Liabilities	
Held for inmates	\$ 64,191
Held for taxing bodies	<u>679,763</u>
Total liabilities	<u>\$ 743,954</u>

The accompanying notes are an integral part of the basic financial statements.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, serving subpoenas, et cetera.

As the chief law enforcement officer of the parish, the Sheriff is responsible for enforcing state and local laws, ordinances, et cetera, within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols, investigations, et cetera, and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. In addition, the Sheriff, when requested, provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, and fines, costs, and bond forfeitures imposed by the district court.

The accompanying financial statements of the St. Martin Parish Sheriff (Sheriff) have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

The accounting and reporting policies of the St. Martin Parish Sheriff (Sheriff) conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the industry audit guide, "Audits of State and Local Governmental Units."

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

For financial reporting purposes, the Sheriff includes all funds, account groups, activities, et cetera, that are controlled by the Sheriff as an independently elected parish official. As an independently elected parish official, the Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Sheriff's office that are paid or provided by the parish government as required by Louisiana law, the Sheriff is financially independent. Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of local government, over which the Sheriff exercises no oversight responsibility, such as the parish government, parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the parish Sheriff.

In determining the financial reporting entity, the Sheriff complies with the provisions of GASB Statement 14, "The Financial Reporting Entity," and includes all component units of which the Sheriff appointed a voting majority of the units' board; the Sheriff is either able to impose its will on the unit or a financial benefit or burden relationship exists. Blended component units are separate legal entities that meet the criteria described above and whose governing body is the same or substantially the same as the Sheriff or the component unit provides services entirely to the Sheriff. These component units' funds are blended into those of the Sheriff's by appropriate activity type to compose the primary government presentation. The component unit that is blended into the reporting activity of the Sheriff's report is described below:

The 911 Communications District was created in 1988 to implement and administer the 911 emergency telephone system. The Sheriff is financially accountable for the District as a result of fiscal dependency. The District is reported as a special revenue fund.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except the fiduciary funds. The Sheriff has no business-type activities.

The statement of activities presents a comparison between program revenues of the Sheriff and the cost of the function. Program revenues are derived directly from Sheriff users as a fee for services. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Sheriff are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistently with legal and managerial requirements.

The various funds of the Sheriff are all classified as governmental. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the Sheriff, if management chooses to define a particular fund as major, or meets the following criteria:

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the Sheriff considered to be major funds are described below:

Governmental Funds –

General Fund

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff's office and accounts for and reports all operations of the Sheriff's office not accounted for and reported in another fund. The Sheriff's primary sources of revenue are an ad valorem tax levied by the law enforcement district, sales and use tax of one half percent (.5%), and fees for feeding and keeping prisoners. Other sources of revenue include video poker revenue, state revenue sharing, state supplemental pay for deputies, civil and criminal fees, and fees for court attendance and maintenance of prisoners. General operating expenditures are paid from this fund.

911 Communications District Special Revenue Fund –

This special revenue fund accounts for the operation of the communications district which was established to implement and administer the conventional and wireless 911 emergency telephone system. The system is financed by user fees assessed on customers' telephone service. Expenditures for this system are paid from this fund.

The following fund is a nonmajor fund:

Debt Service Fund –

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Agency Funds –

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from these funds are made to various parish agencies, litigants in suits, et cetera, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The individual agency funds used by the Sheriff for the year ended June 30, 2013 are as follows:

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

Civil Fund – To account for funds held in connection with civil suits, Sheriff's sales and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Tax Collector Fund - Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund is used to collect and distribute these taxes and fees to the appropriate taxing bodies.

Installment Fines Fund - To account for the collection of fines paid on an installment basis as authorized by the court.

Bonds and Fines Fund - To account for the collection of bonds, fines, and costs and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Inmate Trust Fund - To account for the deposits made by, and for, inmates to their individual accounts and the appropriate disbursements to these inmates.

Inmate Welfare Fund – To account for funds confiscated from inmates and used for the general welfare of the inmates as a whole.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the current financial resources measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses,

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within 60 days of the end of the fiscal year. For revenue recognition as it relates to federal awards, available means collectible within 12 months of the end of the fiscal year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash, interest-bearing deposits, and investments

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Sheriff.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

Capital Assets

The accounting treatment for buildings, improvements and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

ST. MARTIN PARISH SHERIFF
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Notes to Basic Financial Statements (continued)

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Interest costs are not capitalized as they relate to fixed assets. The Sheriff's threshold for capitalization is \$5,000.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20-40 years
Equipment and vehicles	3-10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated Absences

Employees of the Sheriff's office earn from 96 hours to 120 hours per calendar year of vacation leave depending on total years of service and number of hours worked. A maximum of 48 hours of unused accrued vacation time is allowed to be carried over to subsequent years. Full-time employees earn 96 hours per year of sick leave. Sick leave may be accumulated; however, if an employee resigns or is terminated, the accumulated sick leave is forfeited. Upon retirement, at the Sheriff's discretion, accumulated sick leave, in excess of 720 hours, may be paid. At June 30, 2013 the Sheriff has \$110,145 of leave benefits required to be accrued and reported.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Equity Classifications

In the government-wide statements, net position is classified as net assets and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other

ST. MARTIN PARISH SHERIFF
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Notes to Basic Financial Statements (continued)

borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net assets – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Sheriff. The Sheriff is the highest level of decision-making authority for the Sheriff's Office. Commitments may be established, modified, or rescinded only through resolutions approved by the Sheriff.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Sheriff's adopted policy, only he may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

As of June 30, 2013, fund balances are composed of the following:

	General Fund	911 Communications District	Nonmajor Debt Service Fund	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 101,227	\$ -	\$ -	\$ 101,227
Inventory	25,866	-	-	25,866
Restricted:				
Debt service	-	-	389	389
Assigned:				
911 services	-	864,101	-	864,101
Unassigned	<u>7,750,839</u>	<u>-</u>	<u>-</u>	<u>7,750,839</u>
Total fund balances	<u>\$ 7,877,932</u>	<u>\$ 864,101</u>	<u>\$ 389</u>	<u>\$ 8,742,422</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Sheriff considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Sheriff considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Sheriff has provided otherwise in his commitment or assignment actions.

E. Budget and Budgetary Accounting

The Sheriff follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The chief financial officer prepares a proposed budget and submits it to the Sheriff for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally

ST. MARTIN PARISH SHERIFF
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Notes to Basic Financial Statements (continued)

adopted prior to the commencement of the fiscal year for which the budget is being adopted.

5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Sheriff. Such amendments were not material in relation to the original appropriations.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013 are recorded as prepaid items. The prepaid items that existed at June 30, 2013 were prepaid insurance and dues.

G. Inventory

The inventory is stated at cost, which is determined by the first-in, first-out method.

(2) Cash and Interest-Bearing Deposits

Under state law, the Sheriff may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Sheriff may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2013, the Sheriff has cash and interest-bearing deposits (book balances) totaling \$9,121,007 of which \$743,954 is attributable to fiduciary funds, which is not presented in the statement of net assets.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Sheriff's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2013 are as follows:

Bank balances	<u>\$ 9,527,944</u>
At June 30, 2013 the deposits are secured as follows:	
Federal deposit insurance	\$ 1,346,330
Pledged securities	<u>8,181,614</u>
Total	<u>\$ 9,527,944</u>

ST. MARTIN PARISH SHERIFF
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Notes to Basic Financial Statements (continued)

As of June 30, 2013, the Sheriff's total bank balances were fully insured and collateralized with the securities held in the name of the Sheriff by the pledging financial institution's agent and, therefore, they were not exposed to custodial credit risk.

(3) Ad Valorem Taxes

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem property taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the taxing bodies in June and are actually billed to the taxpayers by the Sheriff in October. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of St. Martin Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for pension fund contributions.

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2013, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rate of 17.55 mills on property with assessed valuations totaling \$281,508,692.

Total law enforcement taxes levied during 2013 were \$4,940,495.

The Sheriff received ad valorem taxes that were paid under protest. It is possible that these taxes (or a portion thereof) will have to be returned to the taxpayer. The amount received of \$2,360 is reflected as a restricted asset. The estimated amount that may have to be refunded is \$1,180 and is reflected as deferred revenue on the balance sheet at June 30, 2013.

(4) Due From Other Governmental Units and Others

Amounts due from other governmental units at June 30, 2013, consist of the following:

Federal grants	\$ 108,506
Maintenance of prisoners	114,103
State and parish contracts	78,190
Video poker revenue	179,744
Sales tax revenue	360,433
Court attendance, civil fees, bond fees, etc.	10,662
Salary reimbursements	39,026
Pay telephone commissions	15,020
Other sources	6,635
Totals	<u>\$ 912,319</u>

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance 07/01/12	Additions	Deletions	Balance 06/30/13
Governmental activities:				
Land	\$ 1,100,595	\$ -	\$ -	\$ 1,100,595
Construction in progress	21,885	9,988	(21,885)	9,988
Buildings and improvements	6,750,386	43,208	-	6,793,594
Equipment and vehicles	5,901,000	282,313	(360,854)	5,822,459
Equipment and vehicles-capital leases	570,585	-	(18,786)	551,799
Totals	<u>14,344,451</u>	<u>335,509</u>	<u>(401,525)</u>	<u>14,278,435</u>
Less accumulated depreciation				
Buildings and improvements	(1,620,333)	(200,494)	-	(1,820,827)
Equipment and vehicles	(3,335,712)	(659,633)	354,618	(3,640,727)
Equipment and vehicles - capital leases	<u>(295,827)</u>	<u>(91,574)</u>	<u>18,786</u>	<u>(368,615)</u>
Total accumulated depreciation	<u>(5,251,872)</u>	<u>(951,701)</u>	<u>373,404</u>	<u>(5,830,169)</u>
Governmental activities, capital assets, net	<u>\$ 9,092,579</u>	<u>\$ (616,192)</u>	<u>\$ (28,121)</u>	<u>\$ 8,448,266</u>

Depreciation expense was charged to governmental activities as operations and maintenance in the amount of \$951,701.

(6) Operating Lease Commitments

Rental expense for the year ended June 30, 2013 was \$35,534. The Sheriff had the following lease agreements in effect during the year ended June 30, 2013:

Description	Balance Term	Expiration Date	Payment Frequency	Lease Amount
Copier	4 Years	07/2012	monthly	\$ 173
Copier	4 Years	07/2012	monthly	264
Copier	4 Years	05/2013	monthly	669
Copier	4 Years	05/2013	monthly	291
Copier	4 Years	06/2013	monthly	297
Copier	3 Years	07/2012	monthly	116
Copier	3 Years	10/2012	monthly	116
Copier	3 Years	12/2014	monthly	352
Mail machine	4 Years	09/2013	quarterly	1,164
10 Copiers	3 Years	09/2015	monthly	2,577

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

The lease payments for the remaining years are as follows:

Year ending <u>June 30</u>	
2014	\$ 36,312
2015	33,036
2016	<u>7,731</u>
	<u>\$ 77,079</u>

(7) Pension Plan

Plan Description: The St. Martin Parish Sheriff contributes to the Sheriff's Pension and Relief Fund, a cost-sharing multiple employer defined benefit pension plan administered by the Sheriff's Pension and Relief Fund, a public corporation created in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability and survivor benefits to sheriff and deputy sheriff members throughout the State of Louisiana. The Sheriff's Pension and Relief Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Sheriff's Pension and Relief Fund, P.O. Box 3163, Monroe, LA 71220.

Funding Policy: Plan members are required to contribute 10% of their annual covered salary and the St. Martin Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 13.25% of annual covered payroll. The contribution requirements of plan members and the St. Martin Parish Sheriff are estimated and may be amended by the Sheriff's Pension and Relief Fund. The St. Martin Parish Sheriff's contributions to the Retirement System for the years ended June 30, 2013, 2012 and 2011 were \$899,327, \$961,317, and \$1,198,472, respectively.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

(8) Changes in Agency Fund Balances

A summary of changes in agency fund balances due to taxing bodies and others and due to prisoners follows:

	Civil Fund	Tax Collector Fund	Installment Fines Fund	Bonds and Fines Fund	Inmate Trust Fund	Inmate Welfare
Balances, June 30, 2012	\$ 2,336	\$ 1,012,378	\$ 46	\$ 330,959	\$ 64,975	\$ 2,234
Additions	727,520	30,405,451	273,560	2,721,582	490,462	637
Reductions	<u>(656,667)</u>	<u>(31,163,891)</u>	<u>(273,547)</u>	<u>(2,699,964)</u>	<u>(493,117)</u>	<u>(1,000)</u>
Balances, June 30, 2013	<u>\$ 73,189</u>	<u>\$ 253,938</u>	<u>\$ 59</u>	<u>\$ 352,577</u>	<u>\$ 62,320</u>	<u>\$ 1,871</u>

(9) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the St. Martin Parish Sheriff for the year ended June 30, 2013. All bonds relate to governmental activities and are paid by the debt service fund. The capital leases also relate to governmental activities, and the payments are made from the general fund. In the past, payments on long-term debt that pertained to the Sheriff's governmental activities were made by either the debt service fund or by the general fund.

	Vehicle Capital Leases	Series 2010 Bonds	Total
Long-term debt at June 30, 2012	\$ 145,429	\$ 1,385,000	\$ 1,530,429
Debt assumed	-	-	-
Debt retired	<u>(97,373)</u>	<u>(215,000)</u>	<u>(312,373)</u>
Long-term debt at June 30, 2013	<u>\$ 48,056</u>	<u>\$ 1,170,000</u>	<u>\$ 1,218,056</u>

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

Long-term debt at June 30, 2013 is comprised of the following:

Vehicle Capital Leases:

\$77,060 capital lease on (3) 2011 Chevrolet Tahoes, due in monthly installments of \$2,363; from June 15, 2011 to May 15, 2014; interest rate of 5.59 percent.	\$ 23,238
\$77,035 capital lease on (3) 2011 Chevrolet Tahoes, due in monthly installments of \$2,320; from July 1, 2011 to June 1, 2014; interest rate of 5.65 percent.	<u>24,818</u>
	<u>\$ 48,056</u>

Certificates of Indebtedness, Series 2010

\$1,000,000 Limited Tax Revenue Bonds, Series 2010, due in annual installments of \$210,000 to \$245,000; from March 1, 2012 to March 1, 2018; interest rate of 2.13 percent; payable and secured by general revenues.	<u>\$ 1,170,000</u>
Total debt	\$ 1,218,056
Less: current portion	<u>(268,056)</u>
Long-term debt	<u>\$ 950,000</u>

The annual requirements to amortize all debt outstanding at June 30, 2013 are as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 268,056	\$ 26,272	\$ 294,328
2015	230,000	21,830	251,830
2016	235,000	17,805	252,805
2017	240,000	13,105	253,105
2018	<u>245,000</u>	<u>7,105</u>	<u>252,105</u>
Totals	<u>\$ 1,218,056</u>	<u>\$ 86,117</u>	<u>\$ 1,304,173</u>

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

(10) Litigation and Claims

At June 30, 2013, the Sheriff is involved in several lawsuits claiming damages. Management is of the opinion that insurance coverage should be adequate to cover most monetary damages. A liability has been accrued at June 30, 2013 in the amount of \$103,396, which represents additional anticipated out-of-pocket costs.

(11) Expenditures of the Sheriff's Office Paid by the Parish Council

The cost of maintaining and operating the Sheriff's office building, as required by statute, is paid by the St. Martin Parish Government. These expenditures are not included in the accompanying financial statements.

(12) Risk Management

The Sheriff is exposed to risks of loss in the areas of general and auto liability, property hazards, and workers' compensation. Those risks, with the exception of workers' compensation, are handled by purchasing commercial insurance. The Sheriff is liable for claims up to \$25,000 per incident. The Sheriff's office is considered to be self-insured for workers' compensation. There have been no significant reductions in insurance coverage during the current fiscal year nor have settlements exceeded coverage during the preceding two years. There were no settlements during the year ended June 30, 2013.

(13) Health Care Liability

The Sheriff established a limited risk management program for group hospitalization insurance, effective July 1, 2011. The Sheriff hired UMR as administrator for this program. This plan provides employee health benefits up to a maximum of \$1,200,000 per employee in a lifetime.

The General Fund of the Sheriff recognizes the assets, liabilities, revenues and expenditures of the group hospitalization insurance plan. The claims liability of \$181,099 reported in the general fund at June 30, 2013, is based on the loss that is probable to have existed at the date of the financial statements and the amount of the loss that can be reasonably reduced by estimated insurance reimbursements. The Sheriff currently does not discount its claims liabilities.

A reconciliation of changes in liabilities is as follows:

	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Benefit Payments and Claims	Balance at Fiscal Year-End
Group hospitalization				
2010-2011	N/A	N/A	N/A	N/A
2011-2012	\$ -	1,920,216	(1,920,216)	\$ -
2012-2013	\$ -	1,849,507	(1,668,408)	\$ 181,099

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

(14) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2013:

	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 57,423	\$ -
911 Communications District	-	57,423
Total	<u>\$ 57,423</u>	<u>\$ 57,423</u>

Several months of operating expenses had not yet been reimbursed at year-end, causing the balances noted above. These reimbursements are expected to be made within the next fiscal year.

B. Interfund Transfers

Interfund transfers consisted of the following at June 30, 2013:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ -	\$ 242,383
Nonmajor Fund	242,383	-
Total	<u>\$ 242,383</u>	<u>\$ 242,383</u>

Transfers are made from the general fund to the non-major fund for payments due on the outstanding bond issuances.

(15) Post-Retirement Health Care and Life Insurance Benefits

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The Sheriff recognizes the cost of postemployment healthcare in the year when employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Sheriff's future cash flows. Because the Sheriff adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

Plan Description: In accordance with the Employer Health and Welfare Benefit Plan established in November 1986, the Sheriff provides certain continuing health care and life insurance benefits for its retired employees through a self-insured health plan. The plan does not issue a publicly available financial report.

The Sheriff pays 100% of the medical coverage for the retiree only (not dependents) for employees hired before July 1, 2009. For employees hired on and after July 1, 2009, the employer pays 50% of the retiree's medical coverage (not dependents) for 20 or more years of service. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P entry) provisions are as follows. For employees whose membership in the retirement system began prior to January 1, 2012, retirement eligibility is 30 years of service at any age or, age 55 and 12 years of service. For employees whose membership in the retirement system began on or after January 1, 2012, retirement eligibility is 30 years of service and age 55 or, age 60 and 20 years of service, or age 62 and 12 years of service.

Life insurance coverage is continued to retirees and the Sheriff pays 100% of the cost of the retiree's life insurance after retirement. There is an age-related reduction formula after retirement (reducing to 75% of pre-retirement coverage at age 65 and to 50% at age 70). The employer cost is based on the blended active/retired rate and there is thus an additional implied subsidy. Since GASB 45 requires the use of "unblended" rates, we have used the 94 GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Annual OPEB Cost: The Sheriff's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Sheriff utilizes the level-dollar amortization method to amortize the unfunded actuarial accrued liability.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

The following table shows the components of the Sheriff's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Sheriff's net OPEB obligation:

Annual required contributions	\$ 422,651
Interest on net OPEB obligation	53,286
Adjustment to annual required contribution	<u>(77,038)</u>
Annual OPEB cost (expense)	398,899
Contributions made	<u>(176,313)</u>
Increase in net OPEB obligation	222,586
Net OPEB obligation - beginning of year	<u>1,332,152</u>
Net OPEB obligation - end of year	<u>\$ 1,554,738</u>

The Sheriff's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 410,149	38.9%	\$ 1,081,930
6/30/2012	\$ 422,682	40.8%	\$ 1,332,152
6/30/2013	\$ 398,899	44.2%	\$ 1,554,738

Fiscal year 2010 was the year of implementation of GASB Statement No. 45 and the Sheriff has elected to implement prospectively.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2013, was as follows:

Actuarial accrued liability (AAL)	\$ 5,170,994
Actuarial valuation of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$ 5,170,994
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	6,657,608
UAAL as a percentage of covered payroll	77.7%

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the Sheriff's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, will present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial valuation was done as of July 1, 2012. The unit credit actuarial cost method was used. The significant actuarial assumptions used in the valuation of the plan are as follows:

1. Investment return of 4.0% per annum, compounded annually.
2. The inflation rate is 2.5%.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

3. The initial trend rate used in the calculations was 8.0%. The ultimate trend rate is 5.0%. The time period between the initial rate and the ultimate rate is nine years.

(16) Ex-officio Tax Collector

The amount of cash on hand at year-end was \$253,938. The amount of ad valorem taxes collected by taxing authority was:

St. Martin Parish Government	\$ 8,974,209
St. Martin Parish School Board	9,429,604
St. Martin Parish Assessor	991,997
St. Martin Parish Water & Sewer Districts	381,679
St. Martin Parish Law Enforcement	4,890,345
St. Martin Parish Library	2,198,563
Teche-Vermillion Freshwater District	404,059
Atchafalaya Basin Levee District	378,836
Municipalities	424,405
Department of Agriculture and Forestry	20,541
Louisiana Tax Commission	2,940
	<u>\$ 28,097,178</u>

The amount of taxes assessed and uncollected, and the reason for failure to do so is as follows:

	LTC Decreases	FDIC Property	Bank- ruptcy	Adjudi- cations	Unpaid
St. Martin Parish Government	\$ 54,566	\$ 29	\$ 198	\$ 2,255	\$ 32,331
St. Martin Parish School Board	61,422	36	243	2,748	34,369
St. Martin Parish Assessor	6,462	4	26	289	3,616
St. Martin Parish Water & Sewer Districts	1,288	-	-	57	1,489
St. Martin Parish Law Enforcement	31,854	19	126	1,425	17,825
St. Martin Parish Library	14,321	8	57	641	8,013
Teche-Vermillion Freshwater District	2,632	2	10	118	1,473
Atchafalaya Basin Levee District	3,631	4	-	167	2,590
Municipalities	1,936	-	29	390	707
Department of Agriculture and Forestry	2	-	-	-	-
Louisiana Tax Commission	-	-	-	-	-
	<u>\$ 178,114</u>	<u>\$ 102</u>	<u>\$ 689</u>	<u>\$ 8,090</u>	<u>\$ 102,413</u>

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

The amount of occupational licenses collected by taxing authority was:

St. Martin Parish Government	\$ 617,325
St. Martin Parish Law Enforcement	108,940
	<u>\$ 726,265</u>

(17) New Accounting Pronouncements

During the fiscal year ended June 30, 2013, the Sheriff adopted GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The statement clarifies the appropriate reporting of deferred outflows of resources or deferred inflows of resources to ensure consistency in financial reporting. The provisions of GASB Nos. 65 must be implemented by the Sheriff for the year ending June 30, 2014. The effect of implementation on the Sheriff's financial statements has not yet been determined.

(18) Subsequent Events

Subsequent events have been evaluated through November 20, 2013, the date of the financial statement issuance.

**REQUIRED
SUPPLEMENTARY INFORMATION**

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 7,692,957	\$ 8,590,022	\$ 8,798,382	\$ 208,360
Intergovernmental	2,603,088	2,336,793	2,474,916	138,123
Fees, charges, and commissions for services	4,024,655	3,088,817	3,359,353	270,536
Interest Income	25,700	600	786	186
Miscellaneous	629,007	608,539	725,301	116,762
Total revenues	<u>14,975,407</u>	<u>14,624,771</u>	<u>15,358,738</u>	<u>733,967</u>
Expenditures:				
Current:				
Public safety:				
Personal services and related benefits	8,586,902	7,947,283	7,803,762	143,521
Operating services	2,733,036	2,443,031	2,183,689	259,342
Operations and maintenance	3,955,594	3,683,212	3,507,110	176,102
Debt service	106,664	106,664	102,073	4,591
Capital outlay	44,845	214,647	307,291	(92,644)
Total expenditures	<u>15,427,041</u>	<u>14,394,837</u>	<u>13,903,925</u>	<u>490,912</u>
Excess (deficiency) of revenues over expenditures	<u>(451,634)</u>	<u>229,934</u>	<u>1,454,813</u>	<u>1,224,879</u>
Other financing uses:				
Transfers out	<u>(242,383)</u>	<u>(242,383)</u>	<u>(242,383)</u>	<u>-</u>
Total other financing uses	<u>(242,383)</u>	<u>(242,383)</u>	<u>(242,383)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>(694,017)</u>	<u>(12,449)</u>	<u>1,212,430</u>	<u>1,224,879</u>
Fund balance, beginning	<u>6,087,532</u>	<u>6,665,502</u>	<u>6,665,502</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,393,515</u>	<u>\$ 6,653,053</u>	<u>\$ 7,877,932</u>	<u>\$ 1,224,879</u>

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana
Special Revenue Fund - 911 Communications District

Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenue				
Fees, charges, and commissions for services				
911 fees	\$ 735,250	\$ 762,000	\$ 775,466	\$ 13,466
Interest income	<u>500</u>	<u>500</u>	<u>186</u>	<u>(314)</u>
Total revenues	<u>735,750</u>	<u>762,500</u>	<u>775,652</u>	<u>13,152</u>
Expenditures				
Current:				
Public Safety				
Personal services and related benefits:				
Salaries	392,965	400,417	375,567	24,850
Pension and payroll taxes	<u>55,825</u>	<u>60,150</u>	<u>55,032</u>	<u>5,118</u>
Total personnel service and related benefits	<u>448,790</u>	<u>460,567</u>	<u>430,599</u>	<u>29,968</u>
Operating services:				
Hospitalization insurance	81,200	100,000	78,127	21,873
Other liability insurance	<u>3,363</u>	<u>4,726</u>	<u>5,171</u>	<u>(445)</u>
Total operating services	<u>84,563</u>	<u>104,726</u>	<u>83,298</u>	<u>21,428</u>
Operations and maintenance:				
Office supplies and expense	2,000	2,000	1,348	652
E-911 implement	82,300	82,300	79,446	2,854
Other	<u>58,418</u>	<u>66,350</u>	<u>45,148</u>	<u>21,202</u>
Total operations and maintenance	<u>142,718</u>	<u>150,650</u>	<u>125,942</u>	<u>24,708</u>
Capital outlay				
Buildings	<u>-</u>	<u>-</u>	<u>6,333</u>	<u>(6,333)</u>
Total capital outlay	<u>-</u>	<u>-</u>	<u>6,333</u>	<u>(6,333)</u>
Total expenditures	<u>676,071</u>	<u>715,943</u>	<u>646,172</u>	<u>69,771</u>
Excess of revenues over expenditures	59,679	46,557	129,480	82,923
Fund balance, beginning	<u>734,845</u>	<u>734,621</u>	<u>734,621</u>	<u>-</u>
Fund balance, ending	<u>\$ 794,524</u>	<u>\$ 781,178</u>	<u>\$ 864,101</u>	<u>\$ 82,923</u>

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Schedule of Funding Progress
For the Year Ended June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2010	-	7,505,903	7,505,903	0.0%	7,695,903	97.5%
July 1, 2012	-	5,170,994	5,170,994	0.0%	6,657,608	77.7%

OTHER SUPPLEMENTARY INFORMATION

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes:				
Ad valorem	\$ 4,692,957	\$ 5,046,338	\$ 5,058,391	\$ 12,053
Sales tax	3,000,000	3,543,684	3,739,991	196,307
Total taxes	<u>7,692,957</u>	<u>8,590,022</u>	<u>8,798,382</u>	<u>208,360</u>
Intergovernmental:				
Federal grants	359,678	317,005	319,613	2,608
State of Louisiana -				
State grants	-	-	22,238	22,238
Revenue sharing	110,410	110,410	109,651	(759)
Video poker	1,330,000	1,250,000	1,369,251	119,251
Supplemental pay	803,000	659,378	654,163	(5,215)
Total intergovernmental	<u>2,603,088</u>	<u>2,336,793</u>	<u>2,474,916</u>	<u>138,123</u>
Fees, charges, and commissions for services				
Taxes and licenses	167,369	173,370	170,952	(2,418)
Civil and criminal fees	606,200	554,920	597,303	42,383
Court attendance	100,250	16,250	16,592	342
Feeding and keeping prisoners	2,519,131	1,781,631	2,001,890	220,259
State and parish contracts	416,967	405,408	405,693	285
Commissary sales	96,362	78,862	81,778	2,916
Telephone commissions	118,376	78,376	85,145	6,769
Total fees, charges, and commissions for services	<u>4,024,655</u>	<u>3,088,817</u>	<u>3,359,353</u>	<u>270,536</u>
Interest income	<u>25,700</u>	<u>600</u>	<u>786</u>	<u>186</u>
Miscellaneous	<u>629,007</u>	<u>608,539</u>	<u>725,301</u>	<u>116,762</u>
Total revenues	<u>\$ 14,975,407</u>	<u>\$ 14,624,771</u>	<u>\$ 15,358,738</u>	<u>\$ 733,967</u>

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Current:				
Public Safety				
Personal services and related benefits:				
Sheriff's salary	\$ 130,362	\$ 130,362	\$ 130,756	\$ (394)
Deputies' salaries	7,102,800	6,570,851	6,453,147	117,704
Other salaries	175,513	182,543	209,209	(26,666)
Pension and payroll taxes	1,050,713	985,713	953,684	32,029
Sheriff's expense allowance	13,036	13,036	13,036	-
Other related benefits	114,478	64,778	43,930	20,848
Total personnel service and related benefits	8,586,902	7,947,283	7,803,762	143,521
Operating services:				
Hospitalization insurance	2,000,000	1,811,042	1,633,908	177,134
Auto insurance	452,296	258,296	258,200	96
Other liability insurance	280,740	373,693	291,581	82,112
Total operating services	2,733,036	2,443,031	2,183,689	259,342
Operations and maintenance				
Auto fuel and oil	736,000	622,675	589,664	33,011
Auto maintenance	171,330	171,015	180,855	(9,840)
Deputy uniforms, supplies, etc.	462,834	398,860	289,143	109,717
Training	46,315	44,178	43,860	318
Office supplies and expenses	275,272	252,589	226,759	25,830
Small equipment	3,200	51,644	74,282	(22,638)
Telephone and utilities	498,041	470,889	430,116	40,773
Radio	4,200	5,000	3,764	1,236
Prisoner feeding and maintenance	797,141	793,528	748,129	45,399
Legal and professional fees	137,500	97,460	128,668	(31,208)
Criminal investigation expense	100	100	937	(837)
Leases and rents	38,900	31,000	30,878	122
Commissary expense	3,200	2,770	2,931	(161)
Other	781,561	741,504	757,124	(15,620)
Total operations and maintenance	3,955,594	3,683,212	3,507,110	176,102

(continued)

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Debt service:				
Principal payments	100,664	100,664	96,162	4,502
Interest	<u>6,000</u>	<u>6,000</u>	<u>5,911</u>	<u>89</u>
Total debt service	<u>106,664</u>	<u>106,664</u>	<u>102,073</u>	<u>4,591</u>
Capital outlay:				
Autos	-	-	138,630	(138,630)
Buildings	500	-	24,979	(24,979)
Other equipment	<u>44,345</u>	<u>214,647</u>	<u>143,682</u>	<u>70,965</u>
Total capital outlay	<u>44,845</u>	<u>214,647</u>	<u>307,291</u>	<u>(92,644)</u>
Total expenditures	<u>\$ 15,427,041</u>	<u>\$ 14,394,837</u>	<u>\$ 13,903,925</u>	<u>\$ 490,912</u>

STATE OF LOUISIANA, PARISH OF ST. MARTIN

AFFIDAVIT

The Honorable Ronald J. Theriot, Sheriff of St. Martin Parish

BEFORE ME, the undersigned authority, personally came and appeared, Ronald J. Theriot, the sheriff of St. Martin Parish, State of Louisiana, who after being duly sworn, deposed and said:


The following information is true and correct:

\$253,938 is the amount of cash on hand in the tax collector account on June 30, 2013;

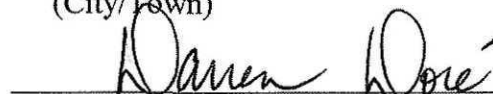
He further deposed and said:

All itemized statements of the amount of taxes collected for tax year 2012, by taxing authority, are true and correct.

All itemized statements of all taxes assessed and uncollected, which indicate the reasons for the failure to collect, by taxing authority, are true and correct.


Signature
Sheriff of St. Martin Parish

SWORN to and subscribed before me, Notary, this 13th day of Nov. 2013
in my office in the St. Martinville, Louisiana.
(City/Town)

 (Signature)

DARREN DORE (Print), # 21224

Notary Public

EXPIRES AT DEATH (Commission)

**INTERNAL CONTROL
COMPLIANCE
AND
OTHER MATTERS**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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---	--

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---	--

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--	--

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--	--

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The Honorable Ronald J. Theriot
St. Martin Parish Sheriff
St. Martinville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Martin Parish Sheriff, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the St. Martin Parish Sheriff's basic financial statements and, have issued our report thereon dated November 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the St. Martin Parish Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Martin Parish Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the St. Martin Parish Sheriff's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of prior and current year audit findings and management's corrective action plan, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider

the deficiency described in the accompanying schedule of prior and current year audit findings and management's corrective action plan, identified as item 13-1, to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of prior and current year audit findings and management's corrective action plan, identified as item 13-2, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Martin Parish Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

St. Martin Parish Sheriff's Response to Findings

The St. Martin Parish Sheriff's response to the findings identified in our audit is described in the accompanying schedule of prior and current year audit findings, and management's corrective action plan. The St. Martin Parish Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
November 20, 2013

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan
For the Year Ended June 30, 2013

I. Prior Year Findings:

Internal Control Over Financial Reporting

12-1 Inadequate Segregation of Accounting Functions

Finding: Due to the small number of employees, the Sheriff did not have adequate segregation of functions within the accounting system.

Status: Unresolved. See item 13-1.

12-2 Inadequate Controls over Financial Statement Preparation

Finding: The Sheriff's department does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Status: Unresolved. See item 13-2.

Compliance

12-3 Noncompliance with Louisiana Local Government Budget Act

Finding: The actual expenditures in the 911 Communications District for the year ended June 30, 2012 were higher than the budgeted expenditures. The unfavorable variance of approximately 6.8% exceeded the 5% variance allowed by State law.

Status: Resolved.

Management Letter Items

There were no findings that were required to be reported at June 30, 2012.

II. Current Year Findings and Management's Corrective Action Plan:

13-1 Inadequate Segregation of Accounting Functions

Finding: Due to the small number of employees, the Sheriff did not have adequate segregation of functions within the accounting system.

(continued)

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2013

Management's Corrective Action Plan: Mr. Darren Dore', Chief Financial Officer and Ms. Barbara Belaire, Certified Public Accountant have determined that it is not cost effective to achieve complete segregation of duties within the accounting department. They have, however, segregated as many duties as possible. No plan is considered necessary.

13-2 Inadequate Controls over Financial Statement Preparation

Finding: The Sheriff's department does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Management's Corrective Action Plan: Mr. Darren Dore', Chief Financial Officer and Ms. Barbara Belaire, Certified Public Accountant have evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Compliance

There are no findings that are required to be reported at June 30, 2013.

Management Letter Items

There are no findings that are required to be reported at June 30, 2013.